

Statement of Rep. Tom Davis
Ranking Member
Committee on Oversight and Government Reform
“Iraqi Reconstruction: An Overview”
February 15, 2007

Good morning. We meet for the second time in as many weeks to look into the complex range of issues arising from extensive contracting activities in Iraq.

Mr. Chairman, I am of course pleased the Committee is continuing this line of oversight that we began three years ago. But between last week’s hearing and today’s, I’m afraid we may be peering into the wrong end of the telescope – looking first at very specific complaints about security contractors and then taking this much broader survey of troubled acquisitions in Iraq. That’s backward, and it risks spending the Committee’s time and credibility chasing transient or dated issues while systemic problems go without thorough scrutiny. I look forward to working with you in setting a more coherent agenda.

Today we will hear from the three major oversight organizations tracking federal procurements in Iraq. They’ve all testified here before, and they bring important perspectives informed by a substantial body of audit and review work. The picture painted by these witnesses is never pretty, nor will their testimony necessarily tell the complete story of an evolving, dynamic sometimes dangerous process. But this much is clear: Poor security, an arcane, ill-suited management structure, and frequent management changes have produced a succession of troubled acquisitions. We need to know what’s gotten better, what’s still being fixed and what’s still broken. And we need to refine our understanding of the difference between interim findings that may make this complex process look bad and the real implications of the “definitized” costs ultimately paid by the government.

Without question, many reconstruction projects have fallen far short of expectations and we have yet to completely resolve serious problems in contract management and oversight in deployed locations. The underlying causes: the lack of sufficiently focused, high-level leadership, mismatches between requirements and resources, and an inadequate number of trained acquisition and oversight personnel. While these challenges are not unique to Iraq, a highly unstable environment and consequent security problems have greatly exacerbated the impact of resulting cost, performance and oversight issues.

These failures have plagued acquisition efforts in the battle space from the beginning. Some of those initial challenges have been mitigated. Many have not. A lack of planning and poor staff training caused many of the early reconstruction contracts to be awarded using other than full and open competition. Recent GAO reports show the vast majority of more recent contract awards have been made on a competitive basis. But GAO findings also point out we still do not have data on the total number of contract employees or the full range of services they provide. That's a troubling blind spot in the effort to assess overall contract management and oversight in Iraq.

And recent reports by the Special Inspector General for Iraq point to inattentive management and oversight systems that still allow large contracts to careen out of control, wasting millions of dollars and buying far less than agreed. At times, between sloppy records, sloppier performance and AWOL contract monitoring, we can't even be sure we got anything at all for the huge amounts spent. SIGIR audit findings on construction contracts for a State Department residential camp and the Baghdad Police College describe on-going, large-scale, and systemic vulnerabilities to waste and abuse in those critical, and costly, reconstruction programs.

True, the Inspector General also concludes that 80 percent of the Iraq reconstruction projects have been completed properly, on time, and within budget. But there's a great deal of money committed and still in the contract pipelines, and we need to be sure those projects are not on the same oversight auto-pilot that steered other contracts into a fiscal ditch in Iraq.

Many auditors from the agencies represented here today have spent considerable time working in Iraq, and we value the experience and the perspective our witnesses will provide on the important issues raised by reconstruction contracts there. Much is at stake, in terms of U.S. tax dollars and in terms of effectively helping the Iraqi people rebuild the basic infrastructure of their nation. We look forward to their testimony and to a frank, constructive discussion.